

# COUNTY OF YORK

## MEMORANDUM

**DATE:** June 25, 2004 (BOS Mtg. 7/13/04)

**TO:** York County Board of Supervisors

**FROM:** James O. McReynolds, County Administrator

**SUBJECT:** Water Agreement with Newport News Waterworks

In 1996 the Board of Supervisors approved a water service agreement with the City of Newport News to provide potable water service to the northern part of the County. This agreement had the effect of extending Newport News Waterworks' service area from the Hubbard Lane area to the Lightfoot corridor included all of York County, with the exception of certain areas served by the City of Williamsburg and a small area served by County-owned wells. It provided the groundwork for a later transfer of the County's water facilities and direct retail customer service accounts to the City in exchange for an agreement by the City to expand its service area to the balance of the County. This agreement was dependent on the Army Corps of Engineers issuing a permit for the King William Reservoir by January 1, 2000. Due to the Corps staff opposition to the Reservoir, the agreement was amended in 1998 to extend the Corps permitting deadline to January 1, 2005.. In 1999 the agreement was further amended to drop the King William Reservoir permitting requirement.

Staff has now negotiated a proposed agreement with the City which includes the detailed information regarding the final transfer of certain of the County's water supply assets to the City and the extension of the City's water service area to the balance of the County. The proposed agreement is essentially the same as the one previously executed. .

The primary points of the agreement are as follows:

- The City becomes responsible to provide future water service to areas of the County not currently served by Newport News Waterworks. The cost to extend future transmission lines will be borne by the City. The County, however retains the right to negotiate or fund entirely extensions of water lines as is done now in the County's Utilities Capital Plan.
- All York County residents who are customers of Newport News Waterworks will pay the same water rates as established by the City throughout Newport News Waterworks service area.
- The County will transfer 4 water wells/ associated storage tanks, pipelines and approximately 400 customer service accounts to Newport News Waterworks.
- The County will pay Newport News Waterworks the FY04 System Development Charge (SDC) fee for all accounts to be transferred. In accordance with Exhibit F of the Agreement the FY04 SDC fee totals \$491,223. The SDC is a charge by

utilities to facilitate a future source of water as demands grow. All new customers hooking up to the Waterworks system must pay this charge.

The actual physical transfer of the facilities will take place upon the completion of the upgrade to York County Well #1, which is located on Newman Road in Skimino. Well #1 is being upgraded by the County to provide Newport News Waterworks a redundant water production capacity due to the recent malfunctioning of the County's Well #4 (Lightfoot), which had originally been intended to be one of the assets to be conveyed to the City. County staff became aware of the problems with Well #4 during the drought a couple years ago. Efforts to rehabilitate Well #4 have failed, and the City no longer has any interest in taking over the well. However, tests conducted at Well #1 site have shown that a redundant water capacity could be achieved with an upgraded facility.

At present, the County operates a very small water utility dependant upon ground water within a Commonwealth of Virginia Ground Water Management Protection Area with one full time person and one part time person. Due to changing environmental regulations impacting the testing requirements, the quality of drinking water and with the projected economic growth in the Lightfoot area, it is not prudent to rely on groundwater as a long-term source of water. Approval of this Agreement will allow the County to cease operating its own water supply system, and appears to be in the best interest of the citizens of the County for the provision of a continuous source of quality potable water.

I recommend approval of R04-97.

Hudgins/3755:mw

Attachments:

- Transfer of Assets and Water Agreement
- Resolution R04-97